

Message Text

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ACTION ARA-06

INFO OCT-01 SS-14 ISO-00 SP-02 EB-03 OES-02 SSO-00 /028 W
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O R 252115Z MAR 75
FM AMEMBASSY BRASILIA
TO SECSTATE WASHDC IMMEDIATE 8305
INFO AMCONSUL RIO DE JANEIRO
AMCONSUL SAO PAULO

S E C R E T BRASILIA 2228

LIMDIS

FOR ASSISTANT SECRETARY ROGERS FROM AMBASSADOR

FOR S/P - WINSTON LORD, EB - ASSISTANT SECRETARY ENDERS:
OES - ASSISTANT SECRETARY RAY

E. O. 11652: GDS
TAGS: OVIP, PFOR, ECON, ENRG, PARN, ETRD, EFIN, BR
SUBJECT: POSSIBLE THEMES AND INITIATIVES FOR SECRETARY'S
VISIT TO BRAZIL - AN OVERVIEW

PART FOUR

E. THE NUCLEAR ISSUE

26. THE BRAZILIAN SIDE WILL WISH TO EXPLORE WITH THE SECRETARY
THE LIMITS OF NUCLEAR COOPERATION WITH THE US. BRAZILIAN
QUESTIONS WILL FOCUS ON THREE ISSUES:
(A) ASSURANCES WITH RESPECT TO ENRICHMENT SERVICES TO HELP
MEET BRAZILIAN NEEDS (BRAZIL HAS TWO LONG-TERM SUPPLY CONTRACTS
IN THE CONDITIONAL CATEGORY);
(B) POSSIBILITIES FOR THE TRANSFER OF US TECHNOLOGY TO SUPPORT
THE BRAZILIAN OBJECTIVE FOR THE ESTABLISHMENT OF A SELF-
CONTAINED NUCLEAR INDUSTRY (INCLUDING EQUIPMENT-
PRODUCING INDUSTRIES AND A FULL NUCLEAR FUEL CYCLE);
(C) THE SPECIFIC SAFEGUARDS REQUIREMENTS WHICH THE US HAS
IN MIND AS THE PRICE FOR COOPERATION. (THE GOB IS AWAITING
US PROPOSALS FOR THE REVISION OF THE BILATERAL AGREEMENT;
THERE HAVE BEEN EXPRESSIONS OF CONCERN WITH RESPECT TO THE
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TIGHTENED SAFEGUARD PROCEDURES THE US IS EXPECTED TO PROPOSE).

27. THE GOB WILL ALSO BE INTERESTED, GIVEN RISING BRAZILIAN CONCERNS OVER WHAT IS SEEN AS THE PROGRESSIVE EROSION OF US POWER, IN AN EXPOSITION BY THE SECRETARY OF HIS VIEWS ON THE STRATEGIC BALANCE AND US NUCLEAR STRATEGY, AND IN A DISCUSSION OF US NON-PROLIFERATION POLICY, ABOUT WHOSE LONG-TERM FEASIBILITY AND EFFECTIVENESS KEY OFFICIALS WITHIN THE GOB ARE PESSIMISTIC AND SKEPTICAL. BRAZILIAN PERCEPTIONS IN THESE AREAS ARE CRITICAL TO THE GOB'S DECISION PROCESS ON THE NUCLEAR ISSUE. THE GOB MAY OR MAY NOT BE AWARE OF US INITIATIVES TOWARDS OTHER EXPORTERS OF NUCLEAR TECHNOLOGY TO CONTAIN THE SPREAD OF ENRICHMENT TECHNOLOGY.

28. THE DISCUSSIONS WITH THE SECRETARY IN THIS ARE WILL BE SEEN BY THE GOB AS AN IMPORTANT TEST OF US INTENTION WITH RESPECT TO THE FORTHCOMING VISIT TO WASHINGTON BY MINISTER OF MINES AND ENERGY UEKI, AND NOGUEIRA BATISTA, PRESIDENT OF NUCLEBRAS. THE MINISTER'S REPLY ACCEPTING THE INVITATION MAKES IT CLEAR THAT THE GOB IS PRIMARILY INTERESTED IN POLICY DISCUSSIONS WITH THE USG AND THAT CONTACTS WITH US INDUSTRY WILL, AT THIS POINT, BE SECONDARY. (SEE ALSO MINISTER'S SIGNIFICANT COMMENT ON PRESENTATION OF INVITATION: BRASILIA 1724).

29. IN CHARTING A POSSIBLE APPROACH FOR THE SECRETARY'S DISCUSSIONS IN THIS AREA, THE FOLLOWING ASSUMPTIONS SEEM RELEVANT:

(A) THE GOBJS POLICY OF NUCLEAR INDEPENDENCE THROUGH THE ESTABLISHMENT OF ACOMPLETE NUCLEAR IINDUSTRY IS INTENDED TO GIVE BRAZIL A NULCEAR OPTION; WE DO NOT KNOW WHETHER THE GOB HAS ALSO DECIDED TO EXERCISE SUCH AN OPTION ONCE IT EXISTS.

(B) THE PENDING BRAZIL/GERMAN AGREEMENT, WHILE ITS DETAILS ARE NOT KNOW, WILL PROBABLY ALLOW SOME CONTINUING ROLE FOR US INDUSTRY, EITHER IN ASSOCIATION WITH NUCLEBRAS OR WITH GERMAN COMPANIES. IT SEEMS IMPLAUSIBLE THAT THE GOB WOULD MAKE BRAZIL'S NUCLEAR DEVELOPMENT TOTALLY DEPENDENT ON GERMAN TECHNOLOGY.

(C) EVEN IF IT IS NOT POSSIBLE TO BLOCK ACQUISITION OF ENRICHMENT AND REPROCESSING TECHNOLOGY BY THE GOB, THERE ARE
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DIPLOMATIC INITIATIVES THAT CAN BE PURSUED WHICH MIGHT COMPLE THE GOB TO ACCEPT MORE EXTENSIVE SAFEGUARDS SYSTEMS AND INHIBIT THE EXERCISE OF A NUCLEAR OPTION BY BRAZIL.

30. THESE CONSIDERATIONS INDICATE THE BROAD LINES OF AN APPROACH TO THE GOB ON THE NUCLEAR QUESTION:

(A) REASSURE THE GOB WITH RESPECT TO THE AVAILABILITY OF ENRICHMENT SERVICES FROM FACILITIES UNDER US CONTROL; (SOME

DISCUSSION OF THE STATUS OF THE FOURTH US PLANT AND ITS
IMPLICATIONS FOR FOREIGN CONSUMERS WOULD BE USEFUL, INCLUDING
THE POSSIBILITY OF BRAZILIAN ACCESS TO SUPPLIES FROM, AND
PARTICIPATION IN, SUCH A PLANT).

(B) A FORTHCOMING POLICY WITH RESPECT TO THE TRANSFER OF
TECHNOLOGY, WITHIN THE LIMITS SET BY US NON-PROLIFERATION
POLICY, TO MAINTAIN US INFLUENCE IN THIS KEY SECTOR. IN THIS
CONNECTION, THE SECRETARY MIGHT WISH TO REVIEW THE PROSPECTIVE
COOPERATION ARRANGEMENTS WITH IRAN AND THEIR POSSIBLE APPLICA-
BILITY, WITH APPROPRIATE MODIFICATIONS FOR BRAZIL'S NON-NPT
STATUS.

(C) TO ASSIST IN THE DEVELOPMENT OF LATIN AMERICAN NUCLEAR
INDUSTRY, THE US MIGHT INDICATE ITS WILLINGNESS, IN PRINCIPLE,
TO SUPPLY US TECHNOLOGY, UNDER APPROPRIATE SAFEGUARDS, FOR
MULTI-NATIONAL REPROCESSING AND ENRICHMENT FACILITIES IN
LATIN AMERICA AS SOON AS SUCH FACILITIES ARE ECONOMICALLY
AND TECHNICALLY VIABLE AND AFTER THE FOURTH US PLANT IS IN
PLACE. THE IDEA MIGHT BE BROACHED IN CONFIDENCE BY THE
SECRETARY DURING HIS VISIT, INVITING A GOB INITIATIVE
IN THIS FIELD. THIS WOULD BE A US RESPONSE TO MEXICO'S RECENT
CALL FOR LATIN AMERICAN COOPERATION IN NUCLEAR DEVELOPMENT
(MEXICO'S 2194) -- WITH ITS EMPHASIS ON INDEPENDENCE FROM THE
US -- AND COULD BE CAST AS A US OFFER TO TRANSFER US
TECHNOLOGY TO THE COUNTRIES OF THE HEMISPHERE IN RESPONSE
TO A SPECIFIC LATIN AMERICAN INTIATIVE.

CRIMMINS

NOTE BY OC/T: DOWNGRADED TO LIMDIS PE R ORIGINATOR

SECRET

NNN

Message Attributes

Automatic Decaptoning: Z
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: FOREIGN RELATIONS, MINISTERIAL VISITS, BRIEFING MATERIALS, NUCLEAR COOPERATION PROGRAMS, NUCLEAR WEAPONS
Control Number: n/a
Copy: SINGLE
Draft Date: 25 MAR 1975
Decaption Date: 28 MAY 2004
Decaption Note: 25 YEAR REVIEW
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: CunninFX
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1975BRASIL02228
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: GS
Errors: N/A
Film Number: D750118-0572, D750105-0711
From: BRASILIA
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1975/newtext/t19750319/aaaaarbh.tel
Line Count: 143
Locator: TEXT ON-LINE, ON MICROFILM
Office: ACTION ARA
Original Classification: SECRET
Original Handling Restrictions: LIMDIS
Original Previous Classification: n/a
Original Previous Handling Restrictions: STADIS
Page Count: 3
Previous Channel Indicators: n/a
Previous Classification: SECRET
Previous Handling Restrictions: STADIS; LIMDIS
Reference: n/a
Review Action: RELEASED, APPROVED
Review Authority: CunninFX
Review Comment: n/a
Review Content Flags:
Review Date: 23 APR 2003
Review Event:
Review Exemptions: n/a
Review History: RELEASED <23 APR 2003 by GarlanWA>; APPROVED <19 DEC 2003 by CunninFX>
Review Markings:

Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
05 JUL 2006

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: POSSIBLE THEMES AND INITIATIVES FOR SECRETARY'S VISIT TO BRAZIL - AN OVERVIEW
TAGS: OVIP, PFOR, ECON, ENRG, PARM, ETRD, EFIN, BR, US, (KISSINGER, HENRY A)
To: STATE SS
Type: TE
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 05 JUL 2006